



# *Annual Report 2015/16*

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*This document is available in  
alternative formats on request.*



# *From the Shire President*



Over the past year Council led the Shire out of the shadow of local government reform and embarked on an exciting program to deliver new community facilities, some of which have been years in the planning.

Boya Community Centre commenced construction in 2016 and will deliver a superb, modern new library and community hall space to cater for the population of our growing western suburbs.

Planning for the construction of Mundaring Recreation Centre was well advanced during the year, with construction to start in late 2016. This Centre will provide modern indoor facilities for our active sports clubs as well as creating opportunities for new sports clubs to form.

Other major achievements include the completion of the Elsie Austin Oval Pavilion in Mount Helena, the playground component of the upgraded Mundaring Community Sculpture Park, and an upgrade of Morgan John Morgan Park in Glen Forrest.

We are extremely proud to deliver great facilities to our community, not only for residents to enjoy, but also to share with visitors from the wider Perth area.

During 2015 and 2016 the Shire's Strategic Community Plan was completely revised, with significant community involvement. Emerging from the community conversations is a new vision for the Shire of Mundaring - 'a sense of space, a sense of place'. The Plan reflects the community's priorities: good governance, community spirit and disaster preparedness, and both the natural and built environment.

In October 2015 local government elections were held which saw the election of four new councillors. Former Shire President Helen Dullard retired after serving 15 years on Council and Alan Pilgrim retired after a total of 11 years on Council; Darrell Jones and Leona Gu were not returned. My fellow councillors elected me as Shire President, a role I am humbled and privileged to undertake.

On behalf of Council I thank all outgoing councillors for their contributions to our community and I welcome those new councillors elected to the Council.

In closing, I wish to acknowledge Chief Executive Officer, Jonathan Throssell, his Executive Leadership Team and all Shire employees for their ongoing commitment to making our community a wonderful place to live.

***Cr David Lavell***  
***Shire President***



# Our Shire

*Covering a total land area of 644sqkm, the Shire of Mundaring is comprised of a mixture of residential and rural areas.*

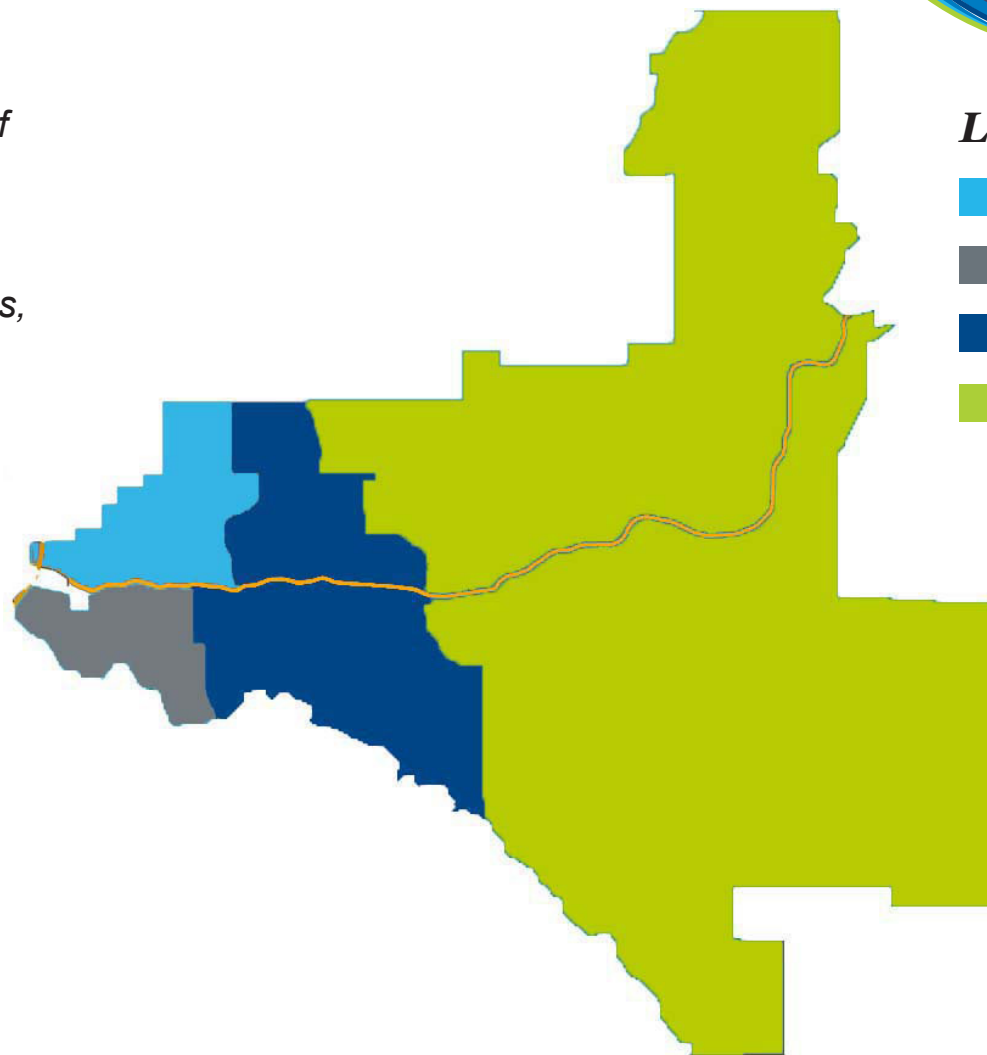
*Nearly half of the shire is made up of national parks, state forest or water catchments, making the area attractive to both residents and visitors.*

## Annual Events





- Trek the Trail
- Cinema Under Starlight
- Australia Day Citizenship Ceremony
- Darlington Arts Festival
- Swan View Show
- Summer Concerts at Mundaring Weir Hotel
- Mundaring Sunday Markets

## Local Attractions

- John Forrest National Park
- Mundaring Weir
- Lake Leschenaultia
- Mundaring Community Sculpture Park
- Railway Reserves Heritage Trail
- Bibbulmun Track
- Munda Bididi Trail
- KEP Track



## Legend

-  West Ward
-  South Ward
-  Central Ward
-  East Ward



# Elected Members



## West Ward



Tony Brennan



Tony Cuccaro



Pauline Clark

## South Ward



David Lavell  
(President)



James Martin



Trish Cook

## Central Ward



Doug Jeans



Lynn Fisher



Bob Perks

## East Ward



Patrick Bertola  
(Dep Pres)



John Daw



Stephen Fox

## Number of Council Meetings attended

Elected Member	Ordinary (12)	Special (3)	Electors (1)
Cr Lavell	10	3	1
Cr Bertola	12	3	1
Cr Clark	10	3	1
Cr Cook	10	3	1
Cr Cuccaro	9	2	1
Cr Daw	11	2	1
Cr Fox	12	3	1
Cr Perks	11	3	1
Cr Brennan*	7	3	1
Cr Martin*	8	2	1
Cr Fisher*	8	3	1
Cr Jeans*	8	3	0
Cr Dullard**	4	0	0
Cr Gu**	4	0	0
Cr Pilgrim**	4	0	0
Cr Jones**	4	0	0

\* Councillor elected 17 October 2015

\*\* Councillor retired 17 October 2015

# *From the Chief Executive Officer*



Following years of uncertainty resulting from the abandoned local government reform program it was with a renewed sense of purpose and energy that the Shire embarked upon its largest capital works program in a generation during 2015/16.

At the same time as delivering this large program of works and while continuing to deliver existing levels of service delivery, the Shire had to deal with ever increasing pressure to reduce rates and ease costs for ratepayers. This has been an extremely challenging task, yet one embraced by Council and staff.

During 2015/16 a significant amount of work was undertaken over many months to review the Long Term Financial Plan and to develop the draft Corporate Business Plan to ensure it was aligned with the recently adopted Strategic Community Plan - Mundaring 2026. This review identified a large reduction in forecast expenditure, partially through reductions in service levels, which in turn allowed for a significant reduction in forecast rate increases over the life of the Long Term Financial Plan.

The Corporate Business Plan is a rigorously costed and prioritised plan detailing what will be delivered over the next four year period. The adopted plan places the Shire on a path to strengthened financial sustainability over the longer term, which will enable the Shire to continue delivering services and infrastructure to meet the needs of its community into the future.

The Shire is financially sustainable. This financial year the Shire achieved a Financial Health Indicator (FHI) score of 75, which is above the benchmark of 70 set by the Department of Local Government and Communities. The FHI is calculated using the seven financial and asset management ratios required under the *Local Government (Financial Management) Regulations 1996*.

The Shire continues to demonstrate a strong commitment to community safety through the provision of high quality emergency, fire and ranger services. It continues to support a diverse range of community programs and services which reflect the needs of our residents; volunteers, young people, older people, families and people with a disability. It continues to support community groups of all sizes through such things as access to the community grants program.

In closing I am proud to acknowledge all Shire staff, who share my commitment to making our community an even better place to live. The Shire enjoys one of the highest rates of staff retention in local government, reflecting its commitment to a workplace which possesses a strong organisational culture centred on integrity, respect and teamwork, and a desire to continually improve so excellent customer service can be provided.

***Jonathan Throssell***  
***Chief Executive Officer***



# Executive Leadership Team



*Executive Leadership Team: (L-R) Director Strategic and Community Services Megan Griffiths, Director Infrastructure Services Shane Purdy, Chief Executive Officer Jonathan Throssell, Director Corporate Services Paul O'Connor and Director Statutory Services Mark Luzi.*

Achievement of best practice in corporate governance is a major responsibility of Council. It entails the consideration and approval of Shire policies, strategic direction and resource allocation, as well as monitoring Shire performance, progress towards targets and use of resources.

## Employee profile

Shire of Mundaring had 207.99 approved full time equivalents. This figure includes 36.1 full time equivalents delivering community services that are funded through grants and service fees.

Comparative employee turnover has remained consistently low for the last few years. Turnover for 2015/16 was 9.54%, 10.57% for 2014/15 and 9.62% for 2013/14.

## Employee Remuneration

There were 17 employees entitled to an annual cash salary of \$100,000 or more in the following categories:

\$100,000 - 109,999	0	\$140,000 - 149,999	1
\$110,000 - 119,999	2	\$160,000 - 169,999	1
\$120,000 - 129,999	6	\$170,000 - 179,999	3
\$130,000 - 139,999	3	\$250,000 - 259,999	1

## Freedom of Information

The Shire has a Freedom of Information statement prepared in accordance with the *Freedom of Information Act 1992*. The statement, available on the Shire's website, outlines the Shire's functions, the kind of documents held and how the documents can be accessed. A total of 22 Freedom of Information requests were received in this reporting period.

## ***Information Management***

Good record keeping practices underpin good corporate governance. Information Management Services provides record keeping services to meet the requirements of the *State Records Act 2000*.

## ***Risk Management***

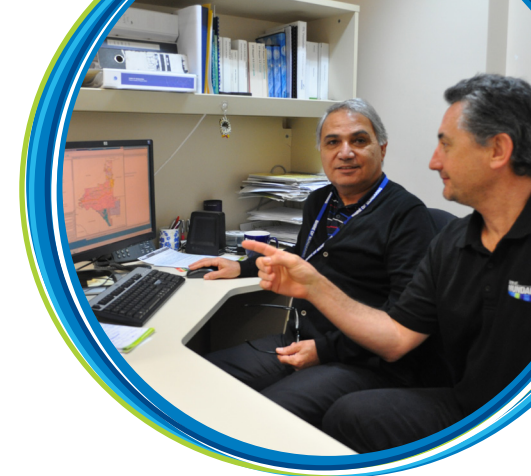
The Shire and Council continue to be committed to enterprise wide risk management. All significant risks are identified, managed and mitigated in accordance with the Shire's Risk Management Framework which conforms with the Australian Standard AS/NZS ISO 3100:2009.

## ***Internal audit***

Deloitte undertook an internal procurement audit to assess whether Shire purchases of goods and services are conducted in accordance with relevant legislation, Shire policies and procedures, and sound purchasing principles and practices. The findings of the Deloitte report together with agreed management actions, were presented to the Audit and Risk Committee.

## ***Information Communication and Technology***

Information Technology Services continues to provide a high standard of service through the management of the Shire's Information Communication and Technology (ICT) systems and services supporting business needs and operational delivery and is responsible for developing the Shire's ICT architecture, located at production and disaster recovery sites.



## ***Achievements 2015/16***

- A Ward and Representation Review was opened for public comment.
- A Governance Framework was developed.
- The introduction of a new tender procurement guidelines occurred.

## ***Plans for 2016/17***

- The Shire will undertake a full review of its risk management framework, policy and risk registers.
- A review of the ICT Plan will be completed.
- ICT will be implemented at the new Boya Community Centre.
- Fire management plan will be integrated with GIS.



# Valued Natural Environment



The Shire has adopted an updated Water Efficiency Action Plan and has been re-endorsed by Water Corporation as a Waterwise Council.

A Roadside Conservation Strategy was completed in conjunction with the Environmental Advisory Committee.

The Fauna Habitat Activity Trail was delivered to local schools as part of the Green Spot Program designed to raise awareness of native animals on local roads.

A Green Army team worked in conjunction with the Shires of Mundaring and Kalamunda to undertake weed control and revegetation in reserves.

Monitoring of nesting boxes installed after the 2014 Parkerville, Mt Helena and Stoneville fires revealed two breeding pairs of Carnaby's Cockatoos which are a nationally listed endangered species.

There are 89 Friends Groups in the shire who volunteer to manage weeds and reserves. Friends Groups were successful in obtaining grant funding of \$23,173 to improve reserves and further contributed approximately \$95,000 of in-kind support.

Through the Tree Canopy and Understorey Program, residents and local Friends Groups shared in 52,000 seedlings.

Throughout the year, Friends Group volunteers planted over 8730 seedlings in various locations within the shire.

Rehabilitation to over two hectares of land at Beechina Gravel Pit was recently completed.

The Shire, together with Mundaring Arts Centre, delivered Environmental Art Awards for local primary schools, with the winning entries turned into banners for the Mundaring town centre.

## *Plans for 2016/17*

A partnership between the Shire, Jane Brook Catchment Group and the Department of Parks and Wildlife secured a \$189,500 Resilient Landscapes Grant. The project will be delivered over three years and involves weed control for over 1500 hectares of land along the Railway Reserves Heritage Trail.

The Glen Forrest Primary School woodland restoration project obtained a \$20,000 State Natural Resource Management grant. The Shire and Glen Forrest Primary School are working together to rehabilitate natural areas near the school.

The Shire will continue to provide Environmental Asset Inspections for residents and bushfire consultants to assist with identifying significant environmental features and plan new development to protect Local Natural Areas.

# Balanced Development



After several years of lobbying, Shire of Mundaring was successful in attracting \$24million in State and Federal funds for safety upgrade works on Great Eastern Highway between Mundaring and Greenmount.

The project will commence in September 2016 and includes intersection improvements, widened and sealed road shoulders, new bus bays and a new shared path between Mann Street and Kintore Road, Mundaring.

Detailed plans were commenced on the Mundaring Recreation Centre. This facility will provide four indoor courts and cater for a number of sports.

Mundaring Community Sculpture Park construction works were completed and includes accessible play equipment, new

paths and picnic facilities.

Enhancement of Morgan John Morgan Reserve in Glen Forrest was completed.

Construction of a social room at Elsie Austin Oval in Mount Helena was completed.

Swan View Station Heritage Trail Reserve surroundings were upgraded, with a trail crossing constructed on Morrison Road.

Footpaths were built on Salisbury Road, Glyden Way, Glendlea Drive, Greystone Terrace, Thomas Road and Willcox Street.

Road upgrades were completed on Railway Terrace, Thomas Road, Clayton Road, Roland Road, Nichol Street and Craig Street.

## *Plans for 2016/17*

Mundaring Indoor Recreation Centre construction to be undertaken.

Safety upgrade works on Great Eastern Highway between Mundaring and Greenmount will commence in September 2016.

Sealing of Bambrook Road, which is currently a gravel road, will commence.

Road construction works are scheduled for Bailup Road, Pine Terrace and Lilydale Road.

# Thriving Community

## Children's Services

Midvale Hub (consisting of three major sites: Midvale, Middle Swan Primary School and Clayton View Primary School) continue to operate. Outdoor environments at the Midvale Early Childhood and Parenting Centre have been upgraded with sensory nature play gardens. Ongoing funding was secured for the Midvale Hub to continue to offer high quality early education programs, parent support, adult education and child and maternal health services. The Indigenous Outreach program has been highly successful in engaging local Aboriginal families with the aim of reducing barriers to success. This service is grant and user funded.

## Youth

Parent and Adolescent Counselling Service (PACS), continues to operate from the Swan View Youth Centre. This free service, which is grant funded, aims to support young people aged 12-18 years and their families who are experiencing conflict in their lives at home, at school or with the law. Over the last 12 months PACS has supported more than 200 people, assisting them to improve interpersonal and conflict resolution skills.

## Libraries

Shire of Mundaring Libraries saw 111,361 visitors, 1421 new members, and 287,782 items loaned in 2016. The libraries provided a variety of activities including hosting author talks, baby rhyme time and school holiday workshops. Beyond the libraries, staff attended local events, held pop-up libraries, introduced a free library at the Swan View Youth Centre and hosted library sessions at Wooroloo Hall.

## Visitor Services

Mundaring Visitor Centre handled more than 13,000 enquiries and experienced a 10 percent increase in Lake Leschenaultia enquiries. The Visitor Centre oversaw distribution of the Shire's Welcome Pack for new residents which included a review of format and content resulting in a more professional looking publication. The 2016 visitor information map was produced. The Shire has arranged to collaborate closely with Mundaring Chamber of Commerce on initiatives that help unite the local business community.

## Facilities

The new Elsie Austin Oval Pavilion in Mt Helena has been completed. A new rubber based sports floor has been installed in the main sports hall at Brown Park Community Centre which replaces the old timber parquetry floor. The old commercial kitchen at Brown Park Community Centre has been refurbished to house the Swan View Toy Library. Bird netting has been installed at the Mt Helena Aquatic Centre to discourage water birds, reducing the amount of resources required to maintain the pool and surrounds.

## Trails

The trail design for a link between the Railway Reserves Heritage Trail in Mundaring and the Railway Reserve Trail in Kalamunda has been completed. Once developed this link will be part of a trail network between Mundaring and Kalamunda, with completion expected to attract hundreds of riders to the Shire.



## Grants

Ten volunteer-based groups received funding to facilitate a range of community events while 37 groups were supported to provide training, purchase equipment and undertake minor upgrades. The annual Milestone Event Grant was awarded to a group celebrating a significant milestone and Volunteer Recognition Event grants were awarded to seven groups to recognise the contribution of their volunteers. There were 32 Youth Sponsorship recipients, nine attending international and 23 attending interstate events/competitions.

## Events

Trek the Trail 2015 was held on Sunday 20 September and was enjoyed by over 2000 plus participants walking, running and cycling from Chidlow to Lake Leschenaultia.

Shire of Mundaring held four Citizenship Ceremonies, during which 127 citizens from 31 different countries celebrated becoming an Australian Citizen.

ANZAC services were held across the Shire in Greenmount, Mundaring and Chidlow, and attracted approximately 3000 people.

Thank a Volunteer Day 2015 was celebrated on Sunday 20 November and was attended by 100 people celebrating their volunteering efforts in our community.

Cinema Under Starlight held four events in January and February 2016 with over 1800 enjoying movies under the stars.

## Seniors

Events held for Seniors included the Seniors Recreation Day at Camp Leschenaultia and an informative presentation at Lake Leschenaultia. Intergenerational events included the Seniors Christmas Lunch, and the the Active Ageing Network Book Cafes.



Halls and pavilions attendances		205,998
Halls and pavillions bookings		12,732
Hard court and oval attendances	<i>Summer</i>	66,520
	<i>Winter</i>	41,998
Bilgoman Aquatic Centre attendance		87,759
Mt Helena Aquatic Centre attendance		14,162
Lake Leschenaultia campsites	<i>Bookings</i>	1475
	<i>Campers</i>	11,077

## Plans for 2016/17

A new Master Plan will be developed to provide inspiration and direction for the proposed future of Lake Leschenaultia. The plan will include opportunities for new campgrounds, new foreshore, functions area, new grounds, play areas and gardens.

Construction works are proceeding for the Boya Community Centre at Boya Oval and Mundaring Recreation Centre for a replacement library and indoor courts respectively.

# *Respected Civic Leadership*



## **Occupational Health and Safety**

The Shire continued its commitment to fulfilling its moral and legal responsibilities under the *Occupational Health and Safety Act 1984*, to provide a safe and healthy work environment for employees, contractors and visitors.

## **Governance**

Council endorsed a Governance Framework that examines the principles and practices of good governance and clearly defines the respective roles, responsibilities and relationships of Council, the Chief Executive Officer and employees in setting the direction of the Shire.

The layout of the Shire Council Chambers was redesigned to make the space more inclusive and accessible. The new format now provides improved access to the public, with Elected Members and employees able to see all speakers.

During the year, governance support was provided to Audit and Risk Committee in the areas of risk management, internal controls, legislative compliance and audit planning and reporting.



## *Plans for 2016/17*

Preparations will begin for the Council Elections in October 2017, with six Elected Members to be voted in by the public. The Shire President will be elected by Councillors.

# Access and Inclusion



## **Inclusion and disAbility Access Advisory Committee**

The Shire has an established Inclusion and disAbility Access Advisory Group which meets quarterly and provides an opportunity for those living with, or supporting someone with a disability to raise access and inclusion issues. Results from these meetings includes a priority list for access upgrades to buildings and outdoor spaces within the shire.

## **Mundaring Community Sculpture Park**

Through consultation with the community, Shire of Mundaring has created a best practice outdoor space and playground. Recent upgrades provide an accessible play area and outdoor space. Equipment includes an inclusive carousel, soft fall covering, boardwalk and tunnel.

## **Morgan John Morgan Reserve**

To celebrate International Day of People with a Disability, the Shire purchased musical pipes that offer inclusion to children with sight impairment. The musical pipes have now been installed along with an inclusive noughts and crosses activity and footpaths that connect to the play areas.



## ***Plans for 2016/17***

Plans for a new service station at The Lakes will now include a Changing Place (adult change facility) offering those with disability improved access.

An upgrade to Darlington Hall is scheduled to commence, making the facility fully accessible.

# Appendix - Performance Indicators and Measures

The SCP identifies four strategic priorities and the CBP has the four year priorities, which provide further focus for Council's actions. These are listed in the table below. The indicators track

progress in strategic priority and four year priority areas and are identified on the indicator table using the notation below. Indicators tracking progress in other areas are designated "O".

Shire of Mundaring Strategic Priorities:	
SP1	Valued Natural Environment
SP2	Community and Sporting Facilities, Playgrounds, Halls and Buildings for Community Groups
SP3	Improved Community Outcomes in the areas of Public Transport, Services for Seniors, Youth and People with Disability
SP4	Bushfire Prevention and Emergency Management

Four Year Priorities from CBP	
P2	Capital
P3	Services (Landcare/Friends, Mowing Parks, Reserves, Verges, Bushfire Mitigation, Drainage and Remodelling)
P4	Planning and Strategy (from strategy table Page 14)
O	Tracking Progress in Other Areas

## Local Government level of Control/ Influence

Some of the indicators cover areas over which Council may have little control or influence, but which remain appropriate measures of progress towards the achievement of the community's vision. The level of Council influence is reflected alongside the indicators and is colour coded for ease of reference in the indicator tables.

The coding is reflected in the diagram right:

High	Areas that are in Direct Control of Local Government
Medium	Areas that Local Government does not Control but can Influence
Low	Areas that Local Government neither Controls nor is likely to Influence, but are of concern to the Community and Impact on Community Well Being

## Strategic Theme 1: Valued Natural Environment:

- To preserve and enhance the natural environment
- To encourage and support environmental volunteering
- Sustainable Living

Control level	Strategic Priorities	Indicators and Measures	2014/15	2015/16
M	SP1	# of trees/seedlings planted in natural areas / greenways by Shire and Friends Groups	10,220	8,734
L	P3	# hours spent on-ground by Friends Groups	3,911	3,166
H	P3	# of hours of Landcare Officer assistance to Friends Group	4,114	3,648
M	P3	% Friends Groups satisfaction with Shire assistance	92.5	100
L	P3	# of new Friends Groups	3	4
H	P3	# of seedlings provided to public through Tree Canopy and Understorey Program	52,000	52,000
M	P3	# of applications for the Tree Canopy and Understorey Program	1,400	1,160
M	SP1 & 4	Bush fire protection and weed control - # of prescribed burns conducted	62	110
H	P2	% parks, reserves and public open spaces capital projects completed	75	86
H	P2	Develop Mundaring Community Sculpture Park	10%	100%
H	SP1	# of hours to mow verges	6,893	8,465
M	SP1	Residents satisfaction with services and facilities: % of respondents satisfied with mowing of : verges, reserves and public open spaces	63*	63**

2 year Community Perception Survey \* = 2013 \*\* = 2015



## Strategic Theme 2: Balanced Development:

- Balanced development – don't lose our special character
- Village lifestyle with a strong town centre
- Easy to get around – within and to/from Shire

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2014/15	2015/16
H	P4	Access strategy for Bushfire prone areas	5%	70%
H	P4	Helena Valley urban expansion strategy	25%	47.5%
H	P4	Review Local Commercial Strategy	Commence 2016/17	
H	P4	Light Industrial Investigation	Commence 2018/19	Commence 2017/18
H	P4	Limited Rural Strategy for Bailup and Wooroloo prepared	Commence 2018/19	
H	P4	Mundaring Town Centre Precinct Plan	5%	19%
H	P4	Darlington Precinct Plan	2018/19	Commence 2019/20
H	P4	Watercourse Hierarchy Strategy	2016/17	Commence 2019/20
H	P1	Develop a Playground Strategy	80%	100%
H	P2	% Roads, Bridges and Bus Shelter Capital Projects Completed	89	69

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2014/15	2015/16
M	P2	% of Roads in "Satisfactory" Condition	66.2% sealed road network in satisfactory condition and 0.8% sealed road network in very poor condition	N/A Road Condition Surveys carried out every five years
	P2	Investigate Trail Link Morrison Road	Funding allocated. Design completed	Completed
H	P2	% Footpaths / Cycleways Capital Projects Completed	97	78
M	P2	% of Footpaths / Cycleways in "Satisfactory" Condition	Incomplete – subject to condition survey being completed and available funding.	Incomplete – subject to condition survey being completed and available funding.
H	P2	# Drainage Capital Projects Completed	86	60
M	P2	# of Properties Complaining of Flooding	0	45
H	P2	# of Catchments Analysed for Drainage Capacity Per Annum	1	0

### Strategic Theme 3: Thriving Community

- Strong sense of community – engaged, connected, inclusive, learning
- For young and old – meets the needs across the generations
- Appropriate local services and facilities
- Great outdoor places – to be, and play
- Healthy and active
- Celebrate our unique features
- Known for our arts, culture and heritage

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2014/15	2015/16
H	SP2	% of respondents satisfied with the performance of the SOM with respect to Playgrounds and Parks	74*	77**
H	SP2	Sport and recreation facilities	73*	81**
H	SP2	Bilgoman Aquatic Centre and Mount Helena Aquatic Centre	90*	92**
H	SP2	Library services	86*	85**
M	SP2	Community buildings, halls & toilets	67*	65**
M	SP4	Bushfire preparedness % of assessments leading to issuing of bushfire compliance notices	15.49*	12.84**
H	SP4	# of Bushfire preparedness inspections undertaken.	297*	266**
H	O	# of years lapsed since the Heritage register was updated.	35%	100%
H	O	\$ investment in public art	10,000	10,000
H	P2	% Building Minor Capital Projects Completed	60	75

2 year Community Perception Survey \* = 2013 \*\* = 2015

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2014/15	2015/16
H	O	% Community Satisfaction in the efficiency and effectiveness of the Shire's Customer Service	72*	71**
H	P2	% Building Minor Capital Projects Completed	60	75
H	P2	Lake Leschenaultia Caretaker Accommodation		Council to determine
H	P2	Construct Boya Oval Facilities	7	47.88
H	P2	Glen Forest Oval - Replace Toilet Block	Commence 2017/18	
H	P2	Sawyers Valley Oval - Replace Toilet Block	Commence 2017/18	
H	P3	% Community Satisfaction with waste transfer stations services	78*	79**
H	P3	% Community Satisfaction with Verge-side bulk rubbish collection	61*	78**
M	SP3	% of respondents satisfied with services and facilities for; Children under 12 years old	53*	60**
M	SP3	Youth aged 12-25 years	45*	40**
M	SP3	Facilities, services and care available for seniors	75*	66**
M	SP3	Access to services and facilities for people with disability	58*	59**

2 year Community Perception Survey \* = 2013 \*\* = 2015

## Strategic Theme 4: Respected Civic Leadership

- Strong civic leadership and trusted governance

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2014/15	2015/16
H	O	Residents satisfied with the elected members' leadership % of respondents satisfied with the Shire's elected member's leadership within the community	45*	45**
M	O	# of Ordinary and Special Council Meetings attended by elected members	263	172 <sup>^</sup>
H	SP3	Advocacy on key issues of community interest # of planned activities completed	6	9
M	O	% Respondents satisfaction with how the Shire engage the community about local issues	56*	56**
M	SP3	# of Issues Effectively Advocated on	2	4
H	P4	Community members engaged in planning, implementation and or monitoring: % of respondents who agree that the Shire has developed and communicated a clear vision for the area.	29*	22**

2 year Community Perception Survey \* = 2013 \*\* = 2015

<sup>^</sup>As of April 2015 the number of ordinary Council meetings was reduced from two meetings a month to one meeting a month.

**SHIRE OF MUNDARING**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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**SHIRE OF MUNDARING  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 19th day of October 2016



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Jonathan Throssell  
Chief Executive Officer

**SHIRE OF MUNDARING**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>				
Rates	23	25,335,202	25,009,786	23,755,786
Operating grants, subsidies and contributions	30	4,595,110	5,630,261	7,986,159
Fees and charges	29	11,686,873	11,332,521	10,908,892
Interest earnings	2(a)	974,924	980,000	890,264
Other revenue		1,501,166	3,290,687	3,012,129
		<u>44,093,275</u>	<u>46,243,255</u>	<u>46,553,230</u>
<b>Expenses</b>				
Employee costs		(18,768,947)	(18,603,742)	(17,642,450)
Materials and contracts		(17,394,027)	(18,196,176)	(18,026,256)
Utility charges		(1,219,073)	(1,384,400)	(1,045,887)
Depreciation on non-current assets	2(a)	(8,901,536)	(8,230,604)	(7,075,476)
Interest expenses	2(a)	(367,504)	(580,395)	(312,759)
Insurance expenses		(826,230)	(890,488)	(890,568)
Other expenditure		(919,202)	(2,681,830)	(572,177)
		<u>(48,396,519)</u>	<u>(50,567,635)</u>	<u>(45,565,573)</u>
		(4,303,244)	(4,324,380)	987,657
Non-operating grants, subsidies and contributions	30	4,562,376	5,387,174	3,407,740
Profit on asset disposals	21	1,431,204	1,330,000	0
(Loss) on asset disposals	21	(133,749)	(63,636)	(97,279)
Change in Equity - Joint Venture	17	1,603,101	0	1,340,977
(Loss) on revaluation of furniture and equipment	6(b)	(16,089)	0	0
(Loss) on revaluation of Infrastructure - gardens	7(b)	0	0	(2,264,507)
<b>Net result</b>		<u><b>3,143,599</b></u>	<u><b>2,329,158</b></u>	<u><b>3,374,588</b></u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	(595,550)	0	208,411,635
<b>Total other comprehensive income</b>		<u><b>(595,550)</b></u>	<u><b>0</b></u>	<u><b>208,411,635</b></u>
<b>Total comprehensive income</b>		<u><u><b>2,548,049</b></u></u>	<u><u><b>2,329,158</b></u></u>	<u><u><b>211,786,223</b></u></u>

This statement is to be read in conjunction with the accompanying notes.



**SHIRE OF MUNDARING**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>	2(a)			
Governance		172,002	91,700	145,484
General purpose funding		27,607,044	28,997,477	29,187,405
Law, order, public safety		763,421	455,200	930,862
Health		84,150	55,700	100,918
Education and welfare		5,521,660	4,964,318	5,375,622
Community amenities		7,714,047	7,626,183	7,252,262
Recreation and culture		1,186,676	1,130,210	1,281,772
Transport		270,739	198,000	173,268
Economic services		261,576	243,500	316,172
Other property and services		511,960	2,480,967	1,789,465
		<u>44,093,275</u>	<u>46,243,255</u>	<u>46,553,230</u>
<b>Expenses</b>	2(a)			
Governance		(4,639,326)	(5,186,168)	(4,403,412)
General purpose funding		(642,813)	(609,075)	(669,022)
Law, order, public safety		(2,685,288)	(2,288,974)	(2,659,846)
Health		(687,079)	(816,121)	(684,683)
Education and welfare		(7,455,127)	(7,301,420)	(6,659,065)
Community amenities		(8,663,147)	(9,295,788)	(8,158,999)
Recreation and culture		(10,494,856)	(10,332,069)	(9,823,430)
Transport		(10,547,028)	(10,120,141)	(8,743,645)
Economic services		(756,775)	(785,364)	(737,417)
Other property and services		(1,457,576)	(3,252,120)	(2,713,295)
		<u>(48,029,015)</u>	<u>(49,987,240)</u>	<u>(45,252,814)</u>
<b>Finance costs</b>	2(a)			
Governance		(324,616)	(580,395)	(312,759)
Recreation and culture		(42,888)	0	0
		<u>(367,504)</u>	<u>(580,395)</u>	<u>(312,759)</u>
		(4,303,244)	(4,324,380)	987,657
Non-operating grants, subsidies and contributions	30	4,562,376	5,387,174	3,407,740
Profit on disposal of assets	21	1,431,204	1,330,000	0
(Loss) on disposal of assets	21	(133,749)	(63,636)	(97,279)
Change in Equity - Joint Venture	17	1,603,101	0	1,340,977
(Loss) on revaluation of furniture and equipment	6(b)	(16,089)	0	0
(Loss) on revaluation of Infrastructure - gardens	7(b)	0	0	(2,264,507)
<b>Net result</b>		<u>3,143,599</u>	<u>2,329,158</u>	<u>3,374,588</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	(595,550)	0	208,411,635
<b>Total other comprehensive income</b>		<u>(595,550)</u>	<u>0</u>	<u>208,411,635</u>
<b>Total comprehensive income</b>		<u>2,548,049</u>	<u>2,329,158</u>	<u>211,786,223</u>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF MUNDARING**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2016**

	NOTE	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	36,431,621	21,563,712
Trade and other receivables	4	1,900,544	2,278,492
Inventories	5	103,837	225,231
<b>TOTAL CURRENT ASSETS</b>		<u>38,436,002</u>	<u>24,067,435</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	885,222	806,016
Property, plant and equipment	6	72,229,783	77,373,189
Infrastructure	7	364,698,043	363,046,945
Interest in Joint Venture	17	18,082,646	16,479,545
<b>TOTAL NON-CURRENT ASSETS</b>		<u>455,895,694</u>	<u>457,705,695</u>
<b>TOTAL ASSETS</b>		<u>494,331,696</u>	<u>481,773,130</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	2,540,354	1,285,827
Current portion of long term borrowings	9	550,311	213,366
Provisions	10	3,193,548	2,982,877
<b>TOTAL CURRENT LIABILITIES</b>		<u>6,284,213</u>	<u>4,482,070</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	12,319,063	4,133,215
Provisions	10	271,441	248,915
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>12,590,504</u>	<u>4,382,130</u>
<b>TOTAL LIABILITIES</b>		<u>18,874,717</u>	<u>8,864,200</u>
<b>NET ASSETS</b>		<u>475,456,979</u>	<u>472,908,930</u>
<b>EQUITY</b>			
Retained surplus		128,504,202	139,461,200
Reserves - cash backed	12	26,557,766	12,457,169
Revaluation surplus	13	320,395,011	320,990,561
<b>TOTAL EQUITY</b>		<u>475,456,979</u>	<u>472,908,930</u>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF MUNDARING  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2014</b>		<b>137,822,786</b>	<b>10,720,995</b>	<b>112,578,926</b>	<b>261,122,707</b>
Comprehensive income					
Net result		3,374,588	0	0	3,374,588
Changes on revaluation of assets	13	0	0	208,411,635	208,411,635
Total comprehensive income		3,374,588	0	208,411,635	211,786,223
Transfers from/(to) reserves		(1,736,174)	1,736,174	0	0
<b>Balance as at 30 June 2015</b>		<b>139,461,200</b>	<b>12,457,169</b>	<b>320,990,561</b>	<b>472,908,930</b>
Comprehensive income					
Net result		3,143,599	0	0	3,143,599
Changes on revaluation of assets	13	0	0	(595,550)	(595,550)
Total comprehensive income		3,143,599	0	(595,550)	2,548,049
Transfers from/(to) reserves		(14,100,597)	14,100,597	0	0
<b>Balance as at 30 June 2016</b>		<b>128,504,202</b>	<b>26,557,766</b>	<b>320,395,011</b>	<b>475,456,979</b>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF MUNDARING  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		25,179,522	25,009,786	23,556,751
Operating grants, subsidies and contributions		4,595,110	5,630,261	7,986,159
Fees and charges		12,204,672	11,332,521	12,419,424
Interest earnings		974,924	980,000	890,264
Goods and services tax		1,313,092	1,700,000	2,052,581
Other revenue		<u>1,529,729</u>	<u>3,290,687</u>	<u>3,012,129</u>
		45,797,049	47,943,255	49,917,308
<b>Payments</b>				
Employee costs		(18,535,750)	(18,603,742)	(17,366,496)
Materials and contracts		(16,134,301)	(18,196,176)	(20,086,676)
Utility charges		(1,219,073)	(1,384,400)	(1,045,887)
Interest expenses		(367,504)	(580,395)	(312,759)
Insurance expenses		(826,230)	(890,488)	(890,568)
Goods and services tax		(1,405,032)	(1,700,000)	(1,954,067)
Other expenditure		<u>(919,202)</u>	<u>(2,681,830)</u>	<u>(572,177)</u>
		(39,407,092)	(44,037,031)	(42,228,630)
<b>Net cash provided by (used in) operating activities</b>	14(b)	<u>6,389,957</u>	<u>3,906,224</u>	<u>7,688,678</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(4,623,627)	(9,726,397)	(3,639,114)
Payments for construction of infrastructure		(6,782,827)	(7,611,854)	(4,451,685)
Non-operating grants, subsidies and contributions		4,562,376	5,387,174	3,407,740
Proceeds from sale of fixed assets		6,799,237	7,827,509	424,721
<b>Net cash provided by (used in) investment activities</b>		<u>(44,841)</u>	<u>(4,123,568)</u>	<u>(4,258,338)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(277,207)	(341,075)	(199,080)
Proceeds from new debentures		8,800,000	9,600,000	0
<b>Net cash provided by (used in) financing activities</b>		<u>8,522,793</u>	<u>9,258,925</u>	<u>(199,080)</u>
<b>Net increase (decrease) in cash held</b>		14,867,909	9,041,581	3,231,260
Cash at beginning of year		21,563,712	17,926,611	18,332,452
<b>Cash and cash equivalents at the end of the year</b>	14(a)	<u><u>36,431,621</u></u>	<u><u>26,968,192</u></u>	<u><u>21,563,712</u></u>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF MUNDARING  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2016**

NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>	<u>7,225,367</u> 7,225,367	<u>5,041,094</u> 5,041,094	<u>5,479,160</u> 5,479,160
<b>Revenue from operating activities (excluding rates)</b>			
Governance	172,002	91,700	145,484
General purpose funding	2,271,842	3,987,691	5,431,619
Law, order, public safety	763,421	455,200	930,862
Health	84,150	55,700	100,918
Education and welfare	5,521,660	4,964,318	5,375,622
Community amenities	7,714,047	7,626,183	7,252,262
Recreation and culture	1,186,676	1,130,210	1,281,772
Transport	270,739	134,364	173,268
Economic services	261,576	243,500	316,172
Other property and services	1,943,164	3,810,967	1,789,465
	<u>20,189,277</u>	<u>22,499,833</u>	<u>22,797,444</u>
<b>Expenditure from operating activities</b>			
Governance	(4,963,942)	(5,766,563)	(4,813,450)
General purpose funding	(642,813)	(609,075)	(669,022)
Law, order, public safety	(2,685,288)	(2,288,974)	(2,659,846)
Health	(687,079)	(816,121)	(684,683)
Education and welfare	(7,455,127)	(7,301,420)	(6,659,065)
Community amenities	(8,663,147)	(9,295,788)	(8,158,999)
Recreation and culture	(10,537,744)	(10,332,069)	(9,823,430)
Transport	(10,680,777)	(10,120,141)	(8,743,645)
Economic services	(756,775)	(785,364)	(737,417)
Other property and services	(1,457,576)	(3,252,120)	(2,713,295)
	<u>(48,530,268)</u>	<u>(50,567,635)</u>	<u>(45,662,852)</u>
<b>Operating activities excluded from budget</b>			
(Profit on disposal of assets) 21	(1,431,204)	(1,330,000)	0
Loss on disposal of assets 21	133,749	63,636	97,279
Movement in deferred pensioner rates (non-current)	(68,094)	0	(59,500)
Movement in employee benefit provisions (non-current)	11,414	0	(63,834)
Depreciation and amortisation on assets 2(a)	8,901,536	8,230,604	7,075,476
<b>Amount attributable to operating activities</b>	<u>(13,568,223)</u>	<u>(16,062,468)</u>	<u>(10,336,827)</u>
<b>INVESTING ACTIVITIES</b>			
Non-operating grants, subsidies and contributions	4,562,376	5,387,174	3,407,740
Proceeds from disposal of assets 21	6,799,237	7,827,509	424,721
Purchase of property, plant and equipment 6(b)	(4,623,627)	(9,726,397)	(3,639,114)
Purchase and construction of infrastructure 7(b)	(6,782,827)	(7,611,854)	(4,451,685)
<b>Amount attributable to investing activities</b>	<u>(44,841)</u>	<u>(4,123,568)</u>	<u>(4,258,338)</u>
<b>FINANCING ACTIVITIES</b>			
Repayment of debentures 22(a)	(277,207)	(341,075)	(199,080)
Proceeds from new debentures 22(a)	8,800,000	9,600,000	0
Transfers to reserves (restricted assets) 12	(25,073,040)	(26,211,000)	(4,461,361)
Transfers from reserves (restricted assets) 12	10,972,443	13,902,166	2,725,187
<b>Amount attributable to financing activities</b>	<u>(5,577,804)</u>	<u>(3,049,909)</u>	<u>(1,935,254)</u>
<b>Surplus(deficiency) before general rates</b>	<u>(19,190,868)</u>	<u>(23,235,945)</u>	<u>(16,530,419)</u>
<b>Total amount raised from general rates</b> 23	<u>25,335,202</u>	<u>25,009,786</u>	<u>23,755,786</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b> 24	<u><b>6,144,334</b></u>	<u><b>1,773,841</b></u>	<u><b>7,225,367</b></u>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**Critical accounting estimates**

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

**The local government reporting entity**

All Funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 20 to these financial statements.

**(b) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

**(c) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) Trade and Other Receivables**

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

**(e) Inventories**

***General***

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

***Land held for sale***

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

**(f) Fixed Assets**

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

***Mandatory requirement to revalue non-current assets***

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Land under control***

In accordance with Local Government (Financial Management) Regulation 16(a), the Shire was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

***Initial recognition and measurement between mandatory revaluation dates***

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

***Revaluation***

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

***Land under roads***

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.



**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Depreciation***

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

<b>Buildings</b>	
- Structure	25 to 50 years
- Fit out	10 years
- Mechanical	5 to 15 years
- Roof Cladding	30 to 50 years
<b>Furniture and Equipment</b>	3 to 12 years
<b>Plant and Equipment</b>	3 to 20 years
<b>Sealed Roads and Streets</b>	
- Formation	not depreciated
- Pavement	70 to 110 years
- Surface	15 to 30 years
- Kerb	70 years
<b>Unsealed Roads</b>	
- Formation	not depreciated
- Surface	15 years
<b>Drainage</b>	75 years
<b>Culverts</b>	70 years
<b>Bridges</b>	35 to 100 years
<b>Footpaths</b>	15 to 80 years
<b>Heritage Trails</b>	75 years
<b>Waste Transfer Stations</b>	15 to 100 years
<b>Bus Shelters</b>	50 years
<b>Parks Hard Assets</b>	10 to 75 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

***Capitalisation threshold***

**Infrastructure Assets - Roads**

Expenses totalling less than \$5,000 on any one item in any year need not be capitalised.

**All other assets**

Expenses totalling less than \$3,000 on any one item in any year need not be capitalised.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities**

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

***Fair value hierarchy***

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

**Level 1**

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2**

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

***Valuation techniques***

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

**Market approach**

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities (Continued)**

**Income approach**

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

**Cost approach**

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

**(h) Financial Instruments**

***Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

***Classification and subsequent measurement***

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Classification and subsequent measurement (continued)***

*(i) Financial assets at fair value through profit and loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

*(v) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Impairment***

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

***Derecognition***

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**(i) Impairment of Assets**

In accordance with Australian Accounting Standards the Shire's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

**(j) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Employee Benefits**

**Short-term employee benefits**

Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

**(l) Borrowing Costs**

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

**(m) Provisions**

Provisions are recognised when the Shire has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(n) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) Investment in Associates**

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**(p) Interests in Joint Arrangements**

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 17.

**(q) Rates, Grants, Donations and Other Contributions**

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

**(r) Superannuation**

The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(s) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

**(t) Rounding Off Figures**

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar.

**(u) Comparative Figures**

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**(v) Budget Comparative Figures**

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.



**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.  Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations  [AASB 1 & AASB 11]	August 2014	1 January 2016	<p>This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.</p>
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation  [AASB 116 & 138]	August 2014	1 January 2016	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.</p>
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities  [AASB 10, 124 & 1049]	March 2015	1 July 2016	<p>The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.</p>

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(x) Adoption of New and Revised Accounting Standards**

During the current year, the Shire adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

These new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

<b>2. REVENUE AND EXPENSES</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
The Net result includes:		
(i) Charging as an expense:		
<b>Significant expense</b>		
Bushfire expenses - WANDRRA	<u>0</u>	<u>282,797</u>
<b>Auditors remuneration</b>		
<b>Current Auditors</b>		
- Audit of the Annual Financial Report	12,000	0
- Financial Management Review	0	0
- Other services	0	0
	<u>12,000</u>	<u>0</u>
<b>Previous Auditors</b>		
- Audit of the Annual Financial Report	10,640	19,800
- Financial Management Review	0	18,000
- Other services	1,500	2,110
	<u>12,140</u>	<u>39,910</u>
<b>Depreciation</b>		
Buildings - specialised	2,754,744	2,663,390
Furniture and equipment	163,701	163,619
Plant and equipment	851,362	758,928
Infrastructure - roads	3,735,707	2,392,286
Infrastructure - footpaths	322,283	168,058
Infrastructure - drainage	476,692	583,534
Infrastructure - parks and ovals	597,047	345,661
	<u>8,901,536</u>	<u>7,075,476</u>
<b>Interest expenses (finance costs)</b>		
Debentures (refer Note 22 (a))	367,504	312,759
	<u>367,504</u>	<u>312,759</u>
(ii) Crediting as revenue:		
<b>Significant revenue</b>		
Bushfire Reimbursements - WANDRRA	0	282,797
Non cash - change in equity joint venture EMRC	1,603,101	1,340,977
	<u>1,603,101</u>	<u>1,623,774</u>

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Interest earnings</b>			
- Reserve funds	412,667	450,000	366,597
- Municipal funds	399,118	375,000	379,037
Other interest revenue (refer note 28)	163,139	155,000	144,630
	<u>974,924</u>	<u>980,000</u>	<u>890,264</u>

**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective**

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

**COMMUNITY VISION**

"a sense of space, a sense of place"

The Shire operations as disclosed in this budget encompass the following service orientated activities/programs:

**GOVERNANCE**

**Objective:**

To provide a decision making process for the efficient allocation of scarce resources.

**Activities:**

Includes the activities of members of council and the administrative support available to the Council and the Shire for the provision of governance of the district.

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

To provide services to help ensure a safer community.

**Activities:**

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

Prevention of human illnesses, including inspection of premises/food control.

**EDUCATION AND WELFARE**

**Objective:**

To provide services to disadvantaged persons, the elderly, children and youth.

**Activities:**

Maintenance of child minding centres and playgroup centres.

Provision of services and programs for the youth and seniors of the Shire.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective (Continued)**

**COMMUNITY AMENITIES**

**Objective:**

To provide essential services required by the community.

**Activities:**

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

**RECREATION AND CULTURE**

**Objective:**

To establish and effectively manage infrastructure and resource which will help the social well being of the community.

**Activities:**

Maintenance of public halls, civic centres, aquatic centres, lake, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of libraries and other cultural facilities.

**TRANSPORT**

**Objective:**

To provide safe, effective and efficient transport services to the community.

**Activities:**

Construction and maintenance of roads, streets, pathways, depots, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

**ECONOMIC SERVICES**

**Objective:**

To help promote the Shire and its economic wellbeing.

**Activities:**

Tourism and area promotion. Provision of standpipes. Approval of building construction and implementation of building controls.

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control the Shire's overheads operating accounts.

**Activities:**

Private works operation, plant repair and operation costs and engineering operation costs.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**2. REVENUE AND EXPENSES (Continued)**

(c) Conditions Over Grants/Contributions		Opening	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing
Grant/Contribution	Function/ Activity	Balance <sup>(1)</sup> 1/07/14	2014/15	2014/15	Balance <sup>(1)</sup> 30/06/15	2015/16	2015/16	Balance 30/06/16
		\$	\$	\$	\$	\$	\$	\$
Grant - Kidsport funding	Recreation and culture	19,400	53,340	(49,451)	<b>23,289</b>	43,340	(53,363)	<b>13,266</b>
Grant - Elsie Austin Oval Social Rooms	Recreation and culture	150,000	37,500	(4,221)	<b>183,279</b>	112,500	(295,779)	<b>0</b>
Grant - Friends Groups	Community amenities	21,832	5,909	(27,741)	<b>0</b>	0	0	<b>0</b>
Grant - MRRG Guidelines	Transport	5,446	0	(5,446)	<b>0</b>	0	0	<b>0</b>
Contribution - Communication Plan Sculpture Park	Recreation and culture	80,656	0	(121)	<b>80,535</b>	0	(2,044)	<b>78,491</b>
Grant - Local Government Reform	Governance	98,433	0	(98,433)	<b>0</b>	0	0	<b>0</b>
Grant - New Child Care Centres	Education and welfare	310,092	0	(310,092)	<b>0</b>	0	0	<b>0</b>
Grant - Environmental	Community amenities	0	41,700	(27,483)	<b>14,217</b>	0	(14,217)	<b>0</b>
Grant - Roads to Recovery	Transport	0	480,858	(382,280)	<b>98,578</b>	1,374,148	(1,472,726)	<b>0</b>
Grant - Swan View Youth Centre	Education and welfare	0	58,470	(9,095)	<b>49,375</b>	0	(49,375)	<b>0</b>
Grant - Mundaring Recreation Centre	Recreation and culture	0	500,000	(93,825)	<b>406,175</b>	1,000,000	(317,419)	<b>1,088,756</b>
Grant - Black Spot Funding Roland Road	Transport	0	0	0	<b>0</b>	337,952	(318,509)	<b>19,443</b>
Grant - Black Spot Funding Thomas Road	Transport	0	0	0	<b>0</b>	247,600	(241,238)	<b>6,362</b>
Grant - Black Spot Funding Lilydale Road	Transport	0	0	0	<b>0</b>	65,636	0	<b>65,636</b>
<b>Total</b>		<b>685,859</b>	<b>1,177,777</b>	<b>(1,008,188)</b>	<b>855,448</b>	<b>3,181,176</b>	<b>(2,764,670)</b>	<b>1,271,954</b>

**Notes:**

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.



**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	Note	2016 \$	2015 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		9,873,855	9,106,543
Restricted		<u>26,557,766</u>	<u>12,457,169</u>
		<u>36,431,621</u>	<u>21,563,712</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Plant reserve	12	831,353	316,102
Civic facilities reserve	12	13,706,248	1,938,928
Information technology reserve	12	871,196	812,501
Children services reserve	12	2,998,563	2,200,153
Capital investment reserve	12	3,896,605	3,920,966
Capital income reserve	12	2,611,068	2,107,416
Gravel pit rehabilitation reserve	12	69,077	110,339
Long service leave reserve	12	301,702	195,316
Unspent grants	2(c) 12	<u>1,271,954</u>	<u>855,448</u>
		<u>26,557,766</u>	<u>12,457,169</u>
		<b>2016</b> \$	<b>2015</b> \$
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates outstanding		880,486	792,900
Sundry debtors		556,398	1,089,004
GST receivable		330,022	238,082
Sanitation debtors		95,688	80,881
LSL contributions - other local governments		<u>37,950</u>	<u>77,625</u>
		<u>1,900,544</u>	<u>2,278,492</u>
<b>Non-current</b>			
Rates outstanding - pensioners		834,633	766,539
Debtors - POS Payments		27,237	27,237
LSL Contributions		<u>23,352</u>	<u>12,240</u>
		<u>885,222</u>	<u>806,016</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and materials		103,837	109,036
Land held for resale - cost			
Cost of acquisition		<u>0</u>	<u>116,195</u>
		<u>103,837</u>	<u>225,231</u>

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Land - freehold at:		
- Independent valuation 2014 - level 2	26,719,602	31,719,602
- Additions after valuation - cost	<u>24,361</u>	<u>0</u>
	26,743,963	31,719,602
Land - vested in and under the control of Council (Golf course) at:		
- Independent valuation 2014- level 3	<u>800,000</u>	<u>800,000</u>
	800,000	800,000
	<u>27,543,963</u>	<u>32,519,602</u>
Buildings - specialised at:		
- Independent valuation 2014 - level 3	35,643,000	35,643,000
- Additions after valuation - cost	4,101,819	2,854,771
Less: accumulated depreciation	<u>(5,415,815)</u>	<u>(2,663,390)</u>
	34,329,004	35,834,381
Total land and buildings	<u>61,872,967</u>	<u>68,353,983</u>
Works in progress	3,151,290	294,658
Furniture and equipment at:		
- Management valuation 2013 - level 3	0	1,792,898
- Management valuation 2016 - level 2	346,434	
- Management valuation 2016 - level 3	757,335	0
- Additions after valuation - cost	0	59,628
Less accumulated depreciation	<u>(533,425)</u>	<u>(1,053,561)</u>
	570,344	798,965
Plant and equipment at:		
- Management valuation 2013 - level 2	0	8,008,991
- Independent valuation 2016 - level 2	6,924,500	0
- Independent valuation 2016 - level 3	3,115,000	
- Management valuation 2016 - level 3	308,154	0
- Additions after valuation - cost	0	1,773,732
Less accumulated depreciation	<u>(3,712,472)</u>	<u>(1,857,140)</u>
	6,635,182	7,925,583
	<u>72,229,783</u>	<u>77,373,189</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Movements in Carrying Amounts**

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Land - freehold	31,719,602	24,361	(5,000,000)	0	0	0	0	26,743,963
Land - vested in and under the control of Council (Golf course)	800,000	0	0	0	0	0	0	800,000
<b>Total land</b>	<b>32,519,602</b>	<b>24,361</b>	<b>(5,000,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27,543,963</b>
Buildings - specialised	35,834,381	1,277,048	(27,681)	0	0	0	(2,754,744)	34,329,004
<b>Total buildings</b>	<b>35,834,381</b>	<b>1,277,048</b>	<b>(27,681)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,754,744)</b>	<b>34,329,004</b>
<b>Total land and buildings</b>	<b>68,353,983</b>	<b>1,301,409</b>	<b>(5,027,681)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,754,744)</b>	<b>61,872,967</b>
Works in progress	294,658	2,856,632	0	0	0	0	0	3,151,290
Furniture and equipment	798,965	8,944	0	(57,775)	(16,089)	0	(163,701)	570,344
Plant and equipment	7,925,583	456,642	(357,906)	(537,775)	0	0	(851,362)	6,635,182
<b>Total property, plant and equipment</b>	<b>77,373,189</b>	<b>4,623,627</b>	<b>(5,385,587)</b>	<b>(595,550)</b>	<b>(16,089)</b>	<b>0</b>	<b>(3,769,807)</b>	<b>72,229,783</b>

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
<b>Land and buildings</b>					
Land - freehold	Level 2	Market approach using recent observable data for similar properties in the area	Independent Registered Valuers	June 2014	Price per square metre
Land - vested in and under the control of Council (Golf course)	Level 3	Improvements to the land using the cost approach using depreciated replacement cost	Independent Registered Valuers	June 2014	Ground rent included with the cost of developing the golf course and applied the Depreciated Replacement Cost over the estimated economic working life, assuming the lease will be renewed, utilising the straight line depreciation method.
Buildings - specialised	Level 3	Improvements to the land using the cost approach using depreciated replacement cost	Independent Registered Valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Furniture and equipment</b>	Level 2	Market approach using recent observable data for similar items	Management Valuation	June 2016	Price per item (Level 2)
<b>Furniture and equipment</b>	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Plant and equipment</b>	Level 2	Market approach using recent observable data for similar plant	Independent Registered Valuers	June 2016	Price per item (Level 2)
<b>Plant and equipment</b>	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>7 (a). INFRASTRUCTURE</b>		
Infrastructure - roads		
- Independent valuation 2015 - level 3	294,773,844	294,773,844
- Management valuation 2015 - level 3	948,000	948,000
- Additions after valuation - cost	7,023,599	3,377,127
Less accumulated depreciation	<u>(16,891,300)</u>	<u>(13,155,593)</u>
	285,854,143	285,943,378
Infrastructure - footpaths		
- Independent valuation 2015 - level 3	13,915,481	13,915,481
- Additions after valuation - cost	779,422	273,355
Less accumulated depreciation	<u>(982,979)</u>	<u>(660,696)</u>
	13,711,924	13,528,140
Infrastructure - drainage		
- Management valuation 2015 - level 3	63,178,222	63,178,222
- Additions after valuation - cost	991,157	511,450
Less accumulated depreciation	<u>(21,973,321)</u>	<u>(21,496,629)</u>
	42,196,058	42,193,043
Infrastructure - parks and ovals		
- Independent valuation 2015 - level 3	11,265,904	11,367,684
- Management valuation 2015 - level 3	12,512,794	12,512,794
- Additions after valuation - cost	2,338,554	289,753
Less accumulated depreciation	<u>(3,384,894)</u>	<u>(2,787,847)</u>
	22,834,138	21,382,384
Works in progress	101,780	0
	<u>364,698,043</u>	<u>363,046,945</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (*Financial Management*) Regulation 17A (2) which requires infrastructure to be shown at fair value.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**7. INFRASTRUCTURE (Continued)**

**(b) Movements in Carrying Amounts**

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - roads	285,943,378	3,646,472	0	0	0	0	(3,735,707)	285,854,143
Infrastructure - footpaths	13,528,140	506,067	0	0	0	0	(322,283)	13,711,924
Infrastructure - drainage	42,193,043	479,707	0	0	0	0	(476,692)	42,196,058
Infrastructure - parks and ovals	21,382,384	2,048,801	0	0	0	0	(597,047)	22,834,138
Works in progress	0	101,780	0	0	0	0	0	101,780
<b>Total infrastructure</b>	<b><u>363,046,945</u></b>	<b><u>6,782,827</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>(5,131,729)</u></b>	<b><u>364,698,043</u></b>

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Infrastructure - roads</b>	Level 3	Cost approach using depreciated replacement cost	Independent Registered Valuers and Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - footpaths</b>	Level 3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - drainage</b>	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - parks and ovals</b>	Level 3	Cost approach using depreciated replacement cost	Independent Registered Valuers and Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	1,181,610	941,524
Creditor accruals	<u>1,358,744</u>	<u>344,303</u>
	<u><u>2,540,354</u></u>	<u><u>1,285,827</u></u>

**9. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by floating charge		
Debentures	<u>550,311</u>	<u>213,366</u>
	<u><u>550,311</u></u>	<u><u>213,366</u></u>
<b>Non-current</b>		
Secured by floating charge		
Debentures	<u>12,319,063</u>	<u>4,133,215</u>
	<u><u>12,319,063</u></u>	<u><u>4,133,215</u></u>

Additional detail on borrowings is provided in Note 22.

**10. PROVISIONS**

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
<b>Opening balance at 1 July 2015</b>			
Current provisions	1,352,993	1,629,884	2,982,877
Non-current provisions	<u>0</u>	<u>248,915</u>	<u>248,915</u>
	1,352,993	1,878,799	3,231,792
Additional provision	1,142,893	440,920	1,583,813
Amounts used	<u>(1,054,374)</u>	<u>(296,242)</u>	<u>(1,350,616)</u>
<b>Balance at 30 June 2016</b>	<u><u>1,441,512</u></u>	<u><u>2,023,477</u></u>	<u><u>3,464,989</u></u>
<b>Comprises</b>			
Current	1,441,512	1,752,036	3,193,548
Non-current	<u>0</u>	<u>271,441</u>	<u>271,441</u>
	<u><u>1,441,512</u></u>	<u><u>2,023,477</u></u>	<u><u>3,464,989</u></u>



**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**12. RESERVES - CASH BACKED**

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Plant reserve	316,102	762,137	(246,886)	831,353	324,905	770,191	(379,088)	716,008	559,891	218,780	(462,569)	316,102
Civic facilities reserve	1,938,928	15,478,867	(3,711,547)	13,706,248	1,075,187	16,596,963	(6,098,755)	11,573,395	1,698,326	2,053,865	(1,813,263)	1,938,928
Information technology reserve	812,501	58,695	0	871,196	807,707	75,279	(8,300)	874,686	707,899	104,602	0	812,501
Children services reserve	2,200,153	811,886	(13,476)	2,998,563	2,016,277	88,067	(38,000)	2,066,344	1,786,292	413,861	0	2,200,153
Capital investment reserve	3,920,966	6,547,399	(6,571,760)	3,896,605	3,720,682	7,692,512	(6,530,000)	4,883,194	3,920,966	0	0	3,920,966
Capital income reserve	2,107,416	592,738	(89,086)	2,611,068	2,075,094	526,637	(156,255)	2,445,476	1,724,238	605,536	(222,358)	2,107,416
Gravel pit rehabilitation reserve	110,339	2,184	(43,446)	69,077	102,179	93,463	(150,000)	45,642	164,574	5,496	(59,731)	110,339
Long service leave reserve	195,316	402,628	(296,242)	301,702	180,587	367,888	(91,768)	456,707	158,809	203,773	(167,266)	195,316
Unspent grants reserve	855,448	416,506	0	1,271,954	450,000	0	(450,000)	0	0	855,448	0	855,448
	<u>12,457,169</u>	<u>25,073,040</u>	<u>(10,972,443)</u>	<u>26,557,766</u>	<u>10,752,618</u>	<u>26,211,000</u>	<u>(13,902,166)</u>	<u>23,061,452</u>	<u>10,720,995</u>	<u>4,461,361</u>	<u>(2,725,187)</u>	<u>12,457,169</u>

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reseve	Anticipated date of use	Purpose of the reserve
Plant reserve	Ongoing	- to fund the replacement of works plant and light vehicles.
Civic facilities reserve	Ongoing	- to fund the construction and/or purchase of public buildings and facilities.
Information technology reserve	Ongoing	- to fund the upgrade and replacement of the Shire's information technology.
Children services reserve	Ongoing	- to provide funds for the purchase of capital equipment, preventative maintenance for Children's Services buildings and employee entitlements. Also allows cash surpluses to be carried forward to fund operating expenses for future years.
Capital investment reserve	Ongoing	- to fund the advancement of the Shire's property strategy.
Capital income reserve	Ongoing	- to fund the development of Shire facilities and infrastructure.
Gravel pit rehabilitation reserve	Ongoing	- to fund the production of gravel and the rehabilitation of gravel pits.
Long service leave reserve	Ongoing	- to fund the Shire's long service leave liability.
Unspent grants reserve	2016/17	- to quarantine any unspent grant funds received during the financial year.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**13. REVALUATION SURPLUS**

	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>
	<b>Opening</b>	<b>Revaluation</b>	<b>Revaluation</b>	<b>Total</b>	<b>Closing</b>	<b>Opening</b>	<b>Revaluation</b>	<b>Revaluation</b>	<b>Total</b>	<b>Closing</b>
	<b>Balance</b>	<b>Increment</b>	<b>Decrement</b>	<b>Movement on</b>	<b>Balance</b>	<b>Balance</b>	<b>Increment</b>	<b>Decrement</b>	<b>Revaluation</b>	<b>Balance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Land and buildings	47,901,060	0	0	0	47,901,060	47,901,060	0	0	0	47,901,060
Furniture and equipment	57,775	0	(57,775)	(57,775)	0	57,775	0	0	0	57,775
Plant and equipment	1,464,646	0	(537,775)	(537,775)	926,871	1,464,646	0	0	0	1,464,646
Infrastructure - gardens	0	0	0	0	0	251,621	0	(251,621)	(251,621)	0
Infrastructure - roads	221,527,299	0	0	0	221,527,299	60,139,527	161,387,772	0	161,387,772	221,527,299
Infrastructure - footpaths	8,286,627	0	0	0	8,286,627	372,448	7,914,179	0	7,914,179	8,286,627
Infrastructure - drainage	26,107,191	0	0	0	26,107,191	343,500	25,763,691	0	25,763,691	26,107,191
Infrastructure - parks and ovals	15,645,963	0	0	0	15,645,963	2,048,349	13,597,614	0	13,597,614	15,645,963
	<b>320,990,561</b>	<b>0</b>	<b>(595,550)</b>	<b>(595,550)</b>	<b>320,395,011</b>	<b>112,578,926</b>	<b>208,663,256</b>	<b>(251,621)</b>	<b>208,411,635</b>	<b>320,990,561</b>

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**14. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Cash and cash equivalents	<u>36,431,621</u>	<u>26,968,192</u>	<u>21,563,712</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	3,143,599	2,329,158	3,374,588
Non-cash flows in Net result:			
Depreciation	8,901,536	8,230,604	7,075,476
(Profit)/Loss on sale of asset	(1,297,455)	(1,266,364)	97,279
Fair value adjustments to fixed assets at fair value through profit or loss	16,089	0	2,264,507
Change in Equity - Joint Venture	(1,603,101)	0	(1,340,977)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	298,742	0	1,410,011
(Increase)/Decrease in inventories	5,199	0	(10,390)
Increase/(Decrease) in payables	1,254,527	0	(2,050,030)
Increase/(Decrease) in provisions	233,197	0	275,954
Grants contributions for the development of assets	<u>(4,562,376)</u>	<u>(5,387,174)</u>	<u>(3,407,740)</u>
Net cash from operating activities	<u>6,389,957</u>	<u>3,906,224</u>	<u>7,688,678</u>
<b>(c) Undrawn Borrowing Facilities</b>			
	<b>2016</b>		<b>2015</b>
	<b>\$</b>		<b>\$</b>
<b>Credit Standby Arrangements</b>			
Bank overdraft limit	1,000,000		1,000,000
Bank overdraft at balance date	0		0
Credit card limit	300,000		300,000
Credit card balance at balance date	<u>(62,327)</u>		<u>(97,268)</u>
<b>Total amount of credit unused</b>	<u>1,237,673</u>		<u>1,202,732</u>
<b>Loan facilities</b>			
Loan facilities - current	550,311		213,366
Loan facilities - non-current	<u>12,319,063</u>		<u>4,133,215</u>
<b>Total facilities in use at balance date</b>	<u>12,869,374</u>		<u>4,346,581</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>		<u>NIL</u>

**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**15. CONTINGENT LIABILITIES**

The Shire has no contingent liabilities as at 30 June 2016.

**16. CAPITAL AND LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

The Shire did not have any future operating lease commitments at the reporting date.

**(b) Capital Expenditure Commitments**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Contracted for:		
- capital expenditure projects	3,757,430	0
Payable:		
- not later than one year	3,757,430	0

The capital expenditure project outstanding at the end of the reporting period represents the construction of the new Boya Community Hub facility.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**17. JOINT VENTURE ARRANGEMENTS**

The Shire is a member of the Eastern Metropolitan Regional Council (EMRC). The Shire's interest in the joint venture as calculated by the EMRC is 11.05%

The Shire's interest in the assets and liabilities of the EMRC is as follows:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Current Assets	10,003,654	8,765,846
Non-Current Assets	9,700,120	9,099,072
Total Assets	<u>19,703,774</u>	<u>17,864,918</u>
Current Liabilities	802,510	597,920
Non-Current Liabilities	818,618	787,453
Total Liabilities	<u>1,621,128</u>	<u>1,385,373</u>
Net Assets	<u>18,082,646</u>	<u>16,479,545</u>
Net Movement	<u>1,603,101</u>	<u>1,340,977</u>

**18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Governance	12,108,811	11,647,571
General purpose funding	38,146,740	24,347,574
Law, order, public safety	3,776,171	4,130,472
Health	403,542	458,707
Education and welfare	1,679,084	1,910,551
Community amenities	19,721,328	18,261,962
Recreation and culture	51,225,020	47,296,874
Transport	344,832,537	345,855,168
Economic services	38,475	42,027
Other property and services	22,399,988	27,507,119
Unallocated	0	315,105
	<u>494,331,696</u>	<u>481,773,130</u>

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	2016	2015	2014
<b>19. FINANCIAL RATIOS</b>			
Current ratio	1.99	2.71	1.81
Asset sustainability ratio	0.94	0.79	0.69
Debt service cover ratio	12.18	14.37	16.06
Operating surplus ratio	(0.04)	0.00	0.01
Own source revenue coverage ratio	0.84	0.80	0.81

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information in Note 36 of this document.

Two of the 2016 and 2015 ratios disclosed above are distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$1,455,586.

The early payment was considered to be "one-off" and if recognised in the year to which the allocation related the calculations in the 2016 and 2015 columns above would be as follows:

	2016	2015
Debt service cover ratio	14.43	11.53
Operating surplus ratio	0.00	(0.04)

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**20. TRUST FUNDS**

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Deposits, Bonds & Retentions	1,403,210	619,821	(1,187,314)	835,717
POS & Road Construction	4,004,879	542,337	(110,417)	4,436,799
Scheme 7 Costs	39,635	888	0	40,523
BCITF Levy	0	171,723	(171,723)	0
Building Services Levy	0	179,936	(179,936)	0
	<u>5,447,724</u>			<u>5,313,039</u>

**21. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
<b>Plant and Equipment</b>	357,906	251,838	0	(106,068)	361,145	297,509	0	(63,636)
<b>Land</b>	5,116,195	6,547,399	1,431,204	0	6,200,000	7,530,000	1,330,000	0
<b>Buildings</b>	27,681	0	0	(27,681)	0	0	0	0
	<u>5,501,782</u>	<u>6,799,237</u>	<u>1,431,204</u>	<u>(133,749)</u>	<u>6,561,145</u>	<u>7,827,509</u>	<u>1,330,000</u>	<u>(63,636)</u>

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**INFORMATION ON BORROWINGS**

Repayments - Debentures

<b>Particulars</b>	<b>Principal</b>	<b>New</b>	<b>Principal</b>		<b>Principal</b>		<b>Interest</b>	
	<b>1 July</b>		<b>Loans</b>	<b>Repayments</b>	<b>Repayments</b>	<b>30 June 2016</b>	<b>Repayments</b>	<b>Repayments</b>
	<b>2015</b>		<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Governance</b>								
Loan 170 - Civic Facilities Redevelopment	4,346,581	0	213,366	213,366	4,133,215	4,133,215	324,616	298,755
<b>Recreation and culture</b>								
Loan 171 - Community Building Facilities	0	8,800,000	63,841	127,709	8,736,159	9,472,291	42,888	281,640
	<u>4,346,581</u>	<u>8,800,000</u>	<u>277,207</u>	<u>341,075</u>	<u>12,869,374</u>	<u>13,605,506</u>	<u>367,504</u>	<u>580,395</u>

All loan repayments were financed by general purpose revenue.



**SHIRE OF MUNDARING**  
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**INFORMATION ON BORROWINGS (Continued)**

New Debentures - 2015/16

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Interest		Amount Used		Balance Unspent
	Actual	Budget				Charges	Rate	Actual	Budget	
	\$	\$				\$	%	\$	\$	\$
Loan 171 - Community Building Facilities	8,800,000	9,600,000	WA Treasury Corp	Debenture	20	3,854,094	3.17%	3,386,931	9,600,000	5,413,069
	<u>8,800,000</u>	<u>9,600,000</u>				<u>3,854,094</u>		<u>3,386,931</u>	<u>9,600,000</u>	<u>5,413,069</u>

Unspent Debentures

Particulars	Date Borrowed	Balance 1 July 15	Borrowed	Expended	Balance 30 June 16
			During Year	During Year	
		\$	\$	\$	\$
Loan 171 - Community Building Facilities	May 2016	0	8,800,000	(3,386,931)	5,413,069
		<u>0</u>	<u>8,800,000</u>	<u>(3,386,931)</u>	<u>5,413,069</u>

The unspent loan funds were held in the Civic Facilities Reserve as at 30 June 2016. These funds are anticipated to be spent during 2016/17.

Overdraft

The Shire of Mundaring has an overdraft facility of \$1,000,000 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2015 and 30 June 2016 was Nil.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**23. RATING INFORMATION - 2015/16 FINANCIAL YEAR**

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>Differential general rate / general rate</b>											
<b>Gross rental value valuations</b>											
GRV - Residential	0.0756	10,816	211,226,646	15,968,734	219,145	0	16,187,879	15,939,426	123,800	0	16,063,226
GRV - Commercial	0.0756	262	22,104,296	1,671,085	14,056	0	1,685,141	1,668,332	0	0	1,668,332
GRV - Light Industrial	0.0756	283	17,997,027	1,360,575	4,430	0	1,365,005	1,358,431	0	0	1,358,431
GRV - Rural Residential	0.0756	2,992	62,282,053	4,708,523	38,501	0	4,747,024	4,700,952	0	0	4,700,952
<b>Unimproved value valuations</b>											
UV - Rural	0.0047	235	156,245,000	734,352	2,668	0	737,020	732,965	0	0	732,965
<b>Sub-Total</b>		14,588	469,855,022	24,443,269	278,800	0	24,722,069	24,400,106	123,800	0	24,523,906
<b>Minimum payment</b>	<b>Minimum</b>										
	\$										
<b>Gross rental value valuations</b>											
GRV - Residential	760	535	4,199,118	406,600	0	0	406,600	414,200	0	0	414,200
GRV - Commercial	760	6	51,936	4,560	0	0	4,560	4,560	0	0	4,560
GRV - Light Industrial	760	1	9,328	760	0	0	760	760	0	0	760
GRV - Rural Residential	760	81	733,624	61,560	0	0	61,560	61,560	0	0	61,560
<b>Unimproved value valuations</b>											
UV - Mining Lease	960	5	64,213	4,800	(388)	0	4,412	4,800	0	0	4,800
<b>Sub-Total</b>		628	5,058,219	478,280	(388)	0	477,892	485,880	0	0	485,880
		<b>15,216</b>	<b>474,913,241</b>	<b>24,921,549</b>	<b>278,412</b>	<b>0</b>	<b>25,199,961</b>	<b>24,885,986</b>	<b>123,800</b>	<b>0</b>	<b>25,009,786</b>
Movement in Rates Received in Advance							135,241				0
<b>Total amount raised from general rate</b>							<b>25,335,202</b>				<b>25,009,786</b>

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**24. NET CURRENT ASSETS**

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 15 brought forward</b>	<u>6,144,334</u>	<u>7,225,367</u>	<u>7,225,367</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	9,873,855	9,106,543	9,106,543
Restricted	26,557,766	12,457,169	12,457,169
Receivables			
Rates outstanding	880,486	792,900	792,900
Sundry debtors	556,398	1,089,004	1,089,004
GST receivable	330,022	238,082	238,082
Sanitation debtors	95,688	80,881	80,881
LSL contributions - other local governments	37,950	77,625	77,625
Inventories			
Fuel and materials	103,837	109,036	109,036
Land held for resale - cost			
Cost of acquisition	0	116,195	116,195
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(1,181,610)	(941,524)	(941,524)
Creditor accruals	(1,358,744)	(344,303)	(344,303)
Current portion of long term borrowings			
Secured by floating charge	(550,311)	(213,366)	(213,366)
Provisions			
Provision for annual leave	(1,441,512)	(1,352,993)	(1,352,993)
Provision for long service leave	(1,752,036)	(1,629,884)	(1,629,884)
<b>Unadjusted net current assets</b>	<b>32,151,789</b>	<b>19,585,365</b>	<b>19,585,365</b>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(26,557,766)	(12,457,169)	(12,457,169)
Less: Land held for resale - cost			
Cost of acquisition	0	(116,195)	(116,195)
Add: Current portion of long term borrowings			
Secured by floating charge	550,311	213,366	213,366
<b>Adjusted net current assets - surplus/(deficit)</b>	<b><u>6,144,334</u></b>	<b><u>7,225,367</u></b>	<b><u>7,225,367</u></b>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**25. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR**

The Shire did not impose any specified area rates.

**26. SERVICE CHARGES - 2015/16 FINANCIAL YEAR**

The Shire did not impose any service charges.

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2015/16 FINANCIAL YEAR**

	Type	Total Cost/ Value \$	Budget Cost/ Value \$
Rates	Write-Off	2,047	1,500
Legal Fees	Write-Off	467	50
		2,514	1,550

No discount on rates is available.

The cost to the Shire for the early payment of rates incentive was \$4,300 being \$2,500 towards the first prize, \$1,500 towards the second prize and \$300 for pool entry.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**28. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR**

	<b>Date Due</b>	<b>Instalment Plan Admin Charge \$</b>	<b>Unpaid Rates Interest Rate %</b>
<b>Instalment Options</b>			
First Instalment	17-Aug-15	0	11.00%
Second Instalment	19-Oct-15	8.50	11.00%
Third Instalment	21-Dec-15	8.50	11.00%
Fourth Instalment	22-Feb-16	8.50	11.00%
		<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on unpaid rates		163,139	155,000
Charges on instalment plan		132,817	127,500
		<u>295,956</u>	<u>282,500</u>

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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<b>29. FEES &amp; CHARGES</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Governance	341	0
General purpose funding	132,817	125,942
Law, order, public safety	208,295	269,305
Health	83,900	100,918
Education and welfare	2,527,079	2,033,682
Community amenities	7,676,904	7,191,806
Recreation and culture	778,113	834,349
Transport	10,055	10,809
Economic services	261,576	316,172
Other property and services	7,793	25,909
	<u>11,686,873</u>	<u>10,908,892</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

**30. GRANT REVENUE**

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

<b>By Nature or Type:</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
Governance	0	530
General purpose funding	1,087,675	4,299,600
Law, order, public safety	491,021	369,710
Education and welfare	2,899,495	3,127,220
Recreation and culture	85,132	121,066
Transport	31,787	53,952
Other property and services	0	14,081
	<u>4,595,110</u>	<u>7,986,159</u>
<b>Non-operating grants, subsidies and contributions</b>		
Law, order, public safety	80,240	812,107
Education and welfare	0	58,470
Recreation and culture	1,778,185	869,339
Transport	2,703,951	1,667,824
	<u>4,562,376</u>	<u>3,407,740</u>
	<u>9,157,486</u>	<u>11,393,899</u>

**31. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>208</u>	<u>202</u>
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**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

<b>32. ELECTED MEMBERS REMUNERATION</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	252,707	260,321	247,475
President's allowance	49,831	50,604	22,492
Deputy President's allowance	12,458	12,651	11,626
Travelling expenses	9,931	10,000	7,801
Telecommunications allowance and expenses	42,716	43,500	44,361
	<u>367,643</u>	<u>377,076</u>	<u>333,755</u>

**33. MAJOR LAND TRANSACTIONS**

(a) Details

A major land transaction was completed and finalised when the Shire sold Lots 50/51 Morrison and Farrall Roads Midvale during 2015/16.

(b) Current year transactions	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
<b>Operating income</b>			
- Profit on sale	1,431,204	1,330,000	0
<b>Capital income</b>			
- Sale proceeds	6,547,399	6,530,000	0

**34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**35. FINANCIAL RISK MANAGEMENT**

The Shire's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Shire's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Shire.

The Shire does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

*The Shire held the following financial instruments at balance date:*

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	36,431,621	21,563,712	36,431,621	21,563,712
Receivables	2,785,766	3,084,508	2,785,766	3,084,508
Other Assets (Share of EMRC)	<u>18,082,646</u>	<u>16,479,545</u>	<u>18,082,646</u>	<u>16,479,545</u>
	<u><u>57,300,033</u></u>	<u><u>41,127,765</u></u>	<u><u>57,300,033</u></u>	<u><u>41,127,765</u></u>
<b>Financial liabilities</b>				
Payables	2,540,354	1,285,827	2,540,354	1,285,827
Borrowings	<u>12,869,374</u>	<u>4,346,581</u>	<u>14,058,376</u>	<u>2,638,232</u>
	<u><u>15,409,728</u></u>	<u><u>5,632,408</u></u>	<u><u>16,598,730</u></u>	<u><u>3,924,059</u></u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.



**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	364,316	215,637
- Statement of Comprehensive Income	364,316	215,637

*Notes:*

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible market movements.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Receivables**

The Shire's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Shire's credit risk at balance date was:

	<b>2016</b>	<b>2015</b>
Percentage of rates and annual charges		
- Current	91%	97%
- Overdue	9%	3%
Percentage of other receivables		
- Current	97%	92%
- Overdue	3%	8%

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**  
**Borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of the Shire’s Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2016</u></b>					
Payables	2,540,354	0	0	2,540,354	2,540,354
Borrowings	<u>1,103,182</u>	<u>4,392,206</u>	<u>12,374,684</u>	<u>17,870,072</u>	<u>12,869,374</u>
	<u>3,643,536</u>	<u>4,392,206</u>	<u>12,374,684</u>	<u>20,410,426</u>	<u>15,409,728</u>
<b><u>2015</u></b>					
Payables	1,285,827	0	0	1,285,827	1,285,827
Borrowings	<u>509,258</u>	<u>2,037,032</u>	<u>4,074,064</u>	<u>6,620,354</u>	<u>4,346,581</u>
	<u>1,795,085</u>	<u>2,037,032</u>	<u>4,074,064</u>	<u>7,906,181</u>	<u>5,632,408</u>

**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**

**Borrowings (continued)**

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<u>&lt;1 year</u>	<u>&gt;1&lt;2 years</u>	<u>&gt;2&lt;3 years</u>	<u>&gt;3&lt;4 years</u>	<u>&gt;4&lt;5 years</u>	<u>&gt;5 years</u>	<u>Total</u>	<b>Weighted Average Effective Interest Rate</b>
	\$	\$	\$	\$	\$	\$	\$	%
<b><u>Year ended 30 June 2016</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	550,311	577,065	605,330	635,200	666,777	9,834,691	12,869,374	4.67%
Weighted average Effective interest rate	5.09%	5.07%	5.12%	5.01%	4.97%	4.29%		
<b><u>Year ended 30 June 2015</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	213,366	228,676	245,085	262,672	281,520	3,115,262	4,346,581	6.95%
Weighted average Effective interest rate	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%		

Level 15, Exchange Tower,  
2 The Esplanade, Perth, WA 6000

PO Box 5785, St Georges Terrace, WA 6831

T +61 (0)8 9225 5355

F +61 (0)8 9225 6181

[www.moorestephenswa.com.au](http://www.moorestephenswa.com.au)

## **INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF MUNDARING**

### **REPORT ON THE FINANCIAL REPORT**

We have audited the accompanying financial report of the Shire of Mundaring, which comprises the statement of financial position as at 30 June 2016, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

#### **Management's Responsibility for the Financial Report**

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Local Government Act 1995* (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation and fair presentation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial report of the Shire of Mundaring is in accordance with the *Local Government Act 1995* (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT  
TO THE ELECTORS OF THE SHIRE OF MUNDARING (CONTINUED)**

**Report On Other Legal and Regulatory Requirements**

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) Except as detailed above, no other matters indicating non-compliance with Part 6 of the *Local Government Act 1995* (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 58 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not:
  - i) reasonably calculated; and
  - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

MOORE STEPHENS  
CHARTERED ACCOUNTANTS



DAVID TOMASI  
PARTNER

DATE: 19 October 2016  
PERTH, WA

**SHIRE OF MUNDARING  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2016**

**36. RATIO INFORMATION**

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Asset consumption ratio	0.89	0.90	0.93
Asset renewal funding ratio	0.98	0.94	0.95

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$